

19 November 1973

MEMORANDUM FOR THE RECORD

SUBJECT: Mr. Colby's Meeting Before the Commission on the Organization of the Government for the Conduct of Foreign Policy

1. Mr. Colby, accompanied by John Warner, met with the subject Commission today at 9:30 a.m.; the meeting continued through 12:45 p.m. Members present were:

Robert D. Murphy, Chairman
William J. Casey
Mrs. Anne Armstrong — not present
Dr. David M. Abshire
William S. Maillaird
Dr. Stanley P. Wagner
Dr. Arend D. Lubbers
Mike Mansfield
Mrs. Charles W. Englehard, Jr.
Frank C. R. McGlinn

*Zablocki and
Kasser
absent*

Staff members present were:

Francis O. Wilcox, Executive Director
Fisher Howe, Deputy Director
William B. Spong, General Counsel
Thomas J. Reckford, Staff Assistant on Intelligence
Gloria Adams, Secretary

2. After welcoming Mr. Colby, Mr. Murphy suggested he might wish to discuss security aspects. Mr. Colby then discussed classification, compartmentation and the reasons for both. Mr. Murphy indicated it is hoped that it would be possible to sanitize the transcript. Mr. Colby indicated he would try.

NSC Referral Not Required

Dept of State review(s) completed.

3. Since there is a transcript, I will not attempt to cover the entire range of subjects. There was considerable discussion of covert actions and of policy approval for covert actions. Dr. Abshire made reference to the current procedure whereby State weekly offers to brief all members of Congress but only about 30 show up. Dr. Abshire suggested this process could be improved in order that members of Congress would be better informed. Mr. Colby stated he has been considering the same problem and was looking to possibly a weekly briefing but only for members of the Armed Services. Possibly this idea could be expanded.

4. Senator Mansfield was present for a substantial period of the time and raised a number of specific questions, generally having to do with the Agency itself, such as our role in Laos, allegations of drug trafficking in the Golden Triangle, ownership of Air America, Mr. Colby's thoughts on a joint committee for intelligence and other such matters.


5. In response to one question, Mr. Colby pointed out that it would be extremely helpful if we had stronger criminal laws to deter disclosure of classified information. He mentioned the Marchetti situation where we were able to get a civil injunction but that if Marchetti had published ahead of time, we probably could not have taken any criminal action. Mr. Colby also mentioned at one point the possible amendments to the National Security Act of 1947 relating to inserting the word "foreign" before "intelligence" wherever it appears.

6. Mr. Wilcox inquired of Mr. Colby whether he had any recommendations to improve the functioning of the community to better serve policymakers. Mr. Colby said he did not have any recommendations for major adjustments but that he would consider this matter. Later in the car returning, Mr. Colby felt possibly we should address a response to this and it was agreed we would attempt to draft something for him. Also, we could include in this letter more specific reference to improved criminal laws and amendments to the National Security Act of 1947.

7. Prior to the meeting there was a technical sweep of the room and monitoring during the meeting. The transcript

will be under Agency security control at all times until final delivery at the PFIAB offices.

8. The level of knowledge and understanding varied tremendously among the various members of the Commission. The questions by Mansfield, Murphy and Abshire reflected their greater knowledge and understanding of the intelligence positions. Many of the questions from the others were elementary. Nevertheless, they would get on the record with many fundamental factors involving money, personnel and relationships of the community with the policy makers and CIA's relationships with the other intelligence components. STATINTL


JOHN S. WARNER
Acting General Counsel

cc: DCI
DCI/IC /Comptroller ✓
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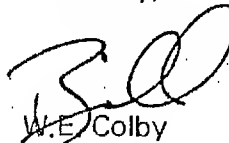
November 7, 1973

The Honorable Robert D. Murphy, Chairman
Commission on the Organization of the Government
for the Conduct of Foreign Policy
2025 M Street, N.W.
Washington, D.C. 20506

Dear Ambassador Murphy:

In response to your letter of October 15 I have developed the attached statement which provides an overall response to the matters you suggested for coverage in my presentation to the Commission in November. I developed this in unclassified form, as I believed it the most useful vehicle to stimulate future questions and thoughts by the Commission members in the actual hearing. I am certainly prepared to go into classified matters during the hearing itself, or in any follow-up studies of more detail which might be needed as you proceed toward your final report.

Sincerely,


W.E. Colby
Director

STATEMENT BY THE DIRECTOR OF CENTRAL INTELLIGENCE

First, let me confirm your assumption about what the national intelligence program is. Our intelligence process includes the collection and analysis of information in order to produce what we call "finished intelligence." We use overt, covert, technical, human, passive, and active collectors. The information collected is then "processed"-- that is, it is recorded, compared with other information, and subjected to the appropriate techniques of scientific examination such as photographic interpretation, electronic analysis, and decryption. This "processing" of information is followed by what we call the "production" of "finished" intelligence -- in the form of reports, studies, and estimates which reflect the highest intellectual evaluation which we can bring to bear upon all the bits and pieces of fact and impression at our disposal. The entire intelligence process which I have described relates to foreign intelligence and counterintelligence, although a number of steps in the process obviously have to take place in the United States. In addition to collection, processing, and production, from time to time CIA also conducts other activities related to intelligence affecting the national security, as directed by the National Security Council.

The current organization of the Intelligence Community is reflected in the President's directive of 5 November 1971. It called for the following:

- That the Director of Central Intelligence (DCI) provide leadership to all foreign intelligence activities of the United States Government.
- That there be established a National Security Council Intelligence Committee (NSCIC).* The purpose of the NSCIC is to give direction and guidance on national substantive intelligence

*Members are: The Assistant to the President for National Security Affairs (Chairman), the Under Secretary of State, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the DCI.

needs and to provide for the continuing evaluation of intelligence products from the viewpoint of the intelligence consumer.

- That the Intelligence Resources Advisory Committee IRAC be formed.* This Committee is advisory to the DCI in his management role. It helps him develop the annual National Foreign Intelligence Program Budget Recommendations which are sent by the DCI to the President--Recommendations which may concern any of the foreign intelligence expenditures of the United States Government.
- That the United States Intelligence Board (USIB)** be reconstituted to include a representative of the Secretary of the Treasury, and that it continue to advise and assist the DCI in his substantive leadership role with respect to the Intelligence Community.

Not addressed by that directive but continuing to operate is the so-called Forty Committee.*** This body provides policy guidance on activities related to intelligence affecting the national security, as directed by the National Security Council.

**Members are: the DCI (Chairman), and one senior representative each from the Department of Defense, the Department of State, the Office of Management and Budget, and CIA.*

***Members are: The DCI (Chairman); the DDCI; the Director of the Bureau of Intelligence and Research, State Department; the Director of the National Security Agency (NSA); the Director of the Defense Intelligence Agency (DIA); representatives of the Secretary of the Treasury, the Federal Bureau of Investigation, and the Atomic Energy Commission.*

****Members are: The Assistant to the President for National Security Affairs (Chairman), the Under Secretary of State for Political Affairs, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the DCI.*

In his letter to me of 15 October, Chairman Murphy outlined a number of specific subjects which he wished me to address in my statement and in follow-up studies of the Commission. I have generally keyed the following remarks to the numbered sections of that letter.

(1) Authority

The National Security Act of 1947, certain additional legislation, and the National Security Council Directives provided for in law are the authorities under which the national intelligence program operates. The legislation is currently being re-evaluated by the Congress, and it may be that some modifications will be made. To the extent that any changes further limit the national intelligence activities in which the DCI is interested to the field of foreign intelligence, and to the extent that they require the reporting of foreign intelligence activities on a regular basis to certain members of the Congress, I would welcome them. The public should be as free as possible from concern about the operations of our national foreign intelligence program.

The National Security Council Directives which I mentioned are currently under evaluation to determine whether an unclassified version can be written. This would help to eliminate any possible misunderstanding about the existence of a "secret charter" for CIA or the Intelligence Community. At the same time, some classified directives will be necessary to specifically implement the unclassified guidance of the open directives.

I do not view subordination to the NSC as different from subordination to the President. The NSC historically has played different roles in foreign policy and national security affairs under different Presidents. But no President in recent times has been willing to function without access to good intelligence -- whether by direct contact with appropriate agencies or through the NSC system.

The responsibilities of some of the agencies of the Intelligence Community to produce both "departmental"

and "national" intelligence are not in conflict. In fact, they are mutually supporting. The military services, for instance, have intelligence arms which provide the tactical intelligence necessary to support the operational forces. They also contribute information and analysis to those in the Community who work on "national" level problems. A study is now underway to determine how these programs can better support each other for both substantive benefit and possible resource savings.

The DCI's responsibility to "protect intelligence sources and methods from unauthorized disclosure" is basically a responsibility without authority. I do not view it as giving any authority beyond the right to call the attention of the appropriate prosecuting authority to any cases of unauthorized disclosure. In this regard I confess great concern at the absence of any effective statutes to prevent or punish the unauthorized disclosure of sensitive intelligence matters. It was only by civil action based upon his pre-employment secrecy agreement that an ex-employee was prevented from revealing a number of delicate matters in a book which he had written. (U.S. vs. Marchetti, 466 F. 2d 1309, 1316). This decision is being tested again.

Aside from this particular weakness of the statutes, I see no need for particular new authority to carry out an effective intelligence program. The "services of common concern" mandate in the current law is adequate, though of course there are always minor negotiations between agencies about the kind and quality of service to be performed.

You have asked whether section 102 (d) (5) of the National Security Act, which provides that the CIA shall perform such other functions and duties related to intelligence affecting the national security as the NSC may from time to time direct, is too broad and open-ended. This is currently being considered in Congress. I would offer that this provision has been used only when specifically directed by the NSC under Presidential authority, that every President since 1947 has used it, and that the shape of the world today seems to require its use much less often than in the more critical of the cold war years. I do not believe that this weapon should be lightly discarded from our national arsenal.

Section 102 (e) of the 1947 Act, which gives the CIA the right to see the foreign intelligence of all of the departments

and agencies, is a key factor in molding a group of intelligence agencies into a community. Without that right, there could be no single source of intelligence advice which accounted for the variety of available facts, and the policy-maker would be buried in a confusion of uncorrelated reports and analyses about major problems and events.

(2) Requirements

The principal customer of our national intelligence program is, of course, the President. But his key advisors and officers need also to be informed (i.e., the Assistant to the President for National Security Affairs, the Secretaries of State, Defense, Treasury, and so on). Their requirements are a compilation both of their expressed needs and of the Intelligence Community's judgment about what they might need.

There are a variety of techniques for refining such requirements. The USIB and the DCI have established and continually review a formal list of relatively constant major requirements. Crisis requirements are generally conveyed to the proper action arm of the Community as a result of my participation in the Washington Special Action Group (WSAG) which meets regularly and keeps me informed of activities which might benefit from intelligence support.

In non-crisis situations, requirements for information come to the Intelligence Community in a wide variety of effective but not necessarily orderly ways. On a daily basis, policy-oriented analysts are in contact with intelligence analysts and make their needs known in that context. Through the requirements staffs of each intelligence agency, collection components can be tasked. Formal requests for specific facts or analyses also come by letter or telephone from USIB principals, Cabinet members, and the NSC/National Security Advisor level. Policymaker feedback to the Intelligence Community on intelligence problems below the first level of priority, or in non-crisis situations, generally does not give a clear enough signal about how much collection and analytical effort the Intelligence Community should expend on a specific subject. The Community tasks itself when this is the case.

(3) (12) Performance and Resources, Budgets

The DCI has no authority to determine the budget and manpower needs of the various agencies in the Intelligence Community. Each component goes through an independent program and budget development process (in the case of State and DOD intelligence programs there are department-wide guidances and constraints which apply apart from intelligence considerations). Each component has an independent review by the OMB. Each component receives from the Congress an appropriation which is under its full control. The program proposed by each component to the Congress is reviewed, however, by the Intelligence Community (IC) Staff of the DCI. From IC staff suggestions, IRAC deliberations, and USIB requirements, the DCI formulates his National Foreign Intelligence Program Budget Recommendations for the President.

The major resource problem facing the Community is inflation; first in manpower costs, but in all other aspects of our profession as well. The problem can be stated in this way:

- a. assuming level manpower, level program size, and continued inflation, the resources for intelligence would have to increase by nearly 25 percent by 1978. This alternative would be unacceptable to the Congress.
- b. assuming level dollars, a level program, and inflation offset by manpower reductions, a 40 percent cut in manpower would be required by 1978. The Community could not take such a cut and continue to meet its obligations.
- c. assuming level dollars, level manpower, and continued inflation, there would have to be a drastic and unacceptable cut in our investment in technical systems for the future and in procurement.

The solution to the dilemma posed above lies in the hands of the President and the Congress. We can help by

reducing our breadth of coverage -- by keying on the most important issues and cutting activities and area coverages which do not contribute directly to the resolution of the highest priority problems. It is the job of the DCI to advise the government as to what constitutes a sufficiency of resources -- in dollar terms, in terms of the systems the dollars will support, and most importantly in terms of major substantive need.

(4) Evaluation

Evaluation of the performance of the Intelligence Community is a relatively untapped field. For years evaluative efforts have been made within the Community itself, but as I have suggested above, we have not had a strong standard of pre-established user requirements against which to measure ourselves. As a consequence, measurements of effectiveness have usually been taken during or following some crisis which might or might not have been of prior concern to policymakers. Our reviews under such circumstances have been mixed. At the same time, on such "constants" as SALT verification and MBFR support we would get high marks.

I have asked my Intelligence Community Staff to concentrate heavily on the development of a method to evaluate our performance. I hope to establish standards and to have regular measurement of the effectiveness of all aspects of the profession underway within a year:

(5) Other Intelligence Activities

Foreign counterintelligence activity is designed to protect the U.S. government and the private sector from penetration or manipulation by the intelligence services of other countries. It is our defensive arm, and in this respect it is an important adjunct to the conduct of foreign policy.

In general, intelligence activities in support of operational military forces are subject to direction from the Joint Chiefs of Staff (JCS) and the Unified and Specified Commanders in the field. The information collected by these activities is of use mainly to the forces in the field. It

updates their contingency planning for war and affects their state of readiness. There is some spin-off value to foreign policy intelligence needs from these activities, however. This is particularly true, for example, during negotiations for peace, for detente, and in the MBFR context. Data provided by some basically force-related systems becomes part of a larger data base used by analysts who must furnish background to negotiators.

(6) Special Programs

The cryptologic programs of the various agencies are coordinated by the National Security Agency (NSA). Each of the military service cryptologic agencies receives a budget to support a program which it plans in response in two sets of guidances -- one essentially related to support of the operational forces, and the other designed to satisfy "national" needs. The Director of NSA is responsible for technical direction and support to the service cryptologic agencies, for the tasking of those agencies for national level objectives, and for the production of cryptologic intelligence in support of national security and foreign policy objectives.

In general, other advanced technological collection programs are managed jointly by the DCI and the Secretary of Defense. Naturally there is concern for both substantive requirements and resource constraints.

Studies are now underway to determine the degree to which it is possible for intelligence-related technical collection systems to support similar but non-intelligence information needs elsewhere in the government. In the past some systems, such as the U-2 aircraft, have been used to support snowpack studies in the American west and to photograph hurricane, earthquake and flood damage for national emergency relief and economic planning purposes.

(7) Reports and Estimates

Virtually all of the major questions of concern to American foreign policy today involve political, economic,

military and other factors. It is essential for good intelligence assessments to reflect this variety. In the past, the ultimate analytical medium was the National Intelligence Estimate. In recent years there have been a variety of other NSC-inspired forms which also required the best analysis. In an effort to account for this change and to make the intelligence process which I described earlier more responsive to policymaker information requirements, I have recently established a new group of "National Intelligence Officers" (NIOs) for specific subject areas. Their job will be to enlist all elements of the Intelligence Community in the development of the best possible assessments of the intelligence questions facing the government. I have instructed that Community reports and estimates be independent of policy pressure and objective in tone and content. They will also incorporate minority or adverse views when these exist.

I do not believe that agencies should handle research and analysis entirely apart from collection and operations, or in ignorance of the policy formulation and implementation process. If anything, the interdependence of policymaking, analysis, and collection should be increased so that collection and analysis are focused more precisely on user needs and profit more from user experience. Foreign policy and national security concerns arise in a dynamic environment -- one in which collectors and decisionmakers are active. To divorce analysis from this environment would reduce and slow its flow of information and minimize its utility. At the same time, control over the substantive content of analytical responses to policy questions should not be vested in the policymaker except with respect to substantive requirements and the timing and format of responses. From time to time analysts remind policymakers of this distinction.

(8) Emerging Needs

Any answer to this question must, of course, be given in classified testimony. It is clear, however, that the intelligence questions facing our nation in the 70s are different from those of the more extreme days of the Cold War. New needs are arising which require intelligence support

in the fields of economics, narcotics, and international terrorism. These new needs are reflected in the overall guidance being developed for the Community.

(9) Oversight and Accountability

The DCI is responsible in detail to the authority of four committees of the Congress -- the two Armed Services Committees and the two Appropriations Committees -- under the rules established in each House. In addition, he provides regular substantive briefings to a number of other committees. In the Executive Branch, he is responsible for substantive matters to the National Security Council and the President, and for budget and management matters to OMB and the President. He is responsive to the substantive requirements of the Secretaries of State, Defense, and other agencies with foreign intelligence interest, and the activities of the Intelligence Community are subject to their evaluation. All activities in which CIA and the rest of the Intelligence Community engage are subject to review in detail by the President's Foreign Intelligence Advisory Board.

As the Chairman of the Armed Services Committee said in 1949 when he reported to the Senate the Central Intelligence Agency Act,

"Ours will perhaps be the only Government having a law providing for such an activity. Other governments simply appropriate a disguised sum of money, without any authority of law, to handle the matter through some government official. We are writing the whole law out.... We are not doing what other countries do. We are throwing every possible democratic safeguard around it as we go along."

In testimony during my confirmation hearings, I indicated that it is for the Congress to decide whether there should be legislative changes in the authorities over foreign intelligence activities. It is a persistent dilemma for the government to determine to what degree the public

should be informed about intelligence activities. The policy of the Intelligence Community is to be as forthcoming as possible while protecting the basic elements of secrecy which are necessary if we are to be effective.

(10) Controls

All intelligence operations stem from a variety of authorities. The NSC's "Forty Committee" controls foreign operations. By Presidential letter the Ambassador has overall authority over operations in the country to which he is posted. He is kept aware of operational activity in his country.

(11) Personnel

There are no cross-Community personnel procedures over which the DCI has control. The individual components of the Community establish their own professional criteria. In testimony at my confirmation hearings I included a report on CIA's recruitment activity (see pages 185-186). While improvements can be made, there are no special legislative needs at this time.

In answer to the second part of your question, let me say that I believe that compartmentation is not a serious restraint upon the exchange of ideas within the Intelligence Community. Usually "compartments" are used to protect sources and methods rather than facts themselves. Need-to-know is the guiding factor in the protection of information. Those who work on a problem at the highest level have ready access to information they need. They must only show that the kind of information which they seek is key to their analysis, and that their project will be used by a policymaking level sufficiently high to warrant the inclusion of compartmented intelligence.

(13) Overseas Establishment

Control and coordination of foreign intelligence activities overseas is not a serious problem. The Ambassador is charged by the President to direct and coordinate the activities and operations of all elements at his mission. He actively directs overt information collection and reporting activities. Subject to his authority, the senior CIA

representative in a foreign post is responsible for the coordination of other foreign intelligence activities there.

With very rare exception, close and effective relationships exist between all members of the country team. If there are problems which are particularly difficult to resolve in the field, they are worked out in Washington. The question of effectiveness in the field is under constant evaluation at the agency, Community, and user level. Coordination, however, is not a major problem with respect to the effectiveness of foreign intelligence activities.

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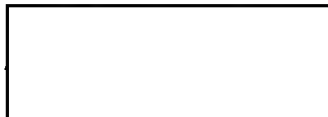
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MEMORANDUM FOR:

Attached is the final version of the
Murphy Commission letter which went
forward today. There have been a few
minor changes since you coordinated on
it.



8 November 1973
(DATE)

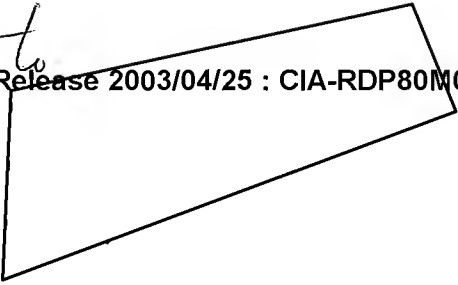
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COMMISSION ON THE ORGANIZATION OF THE GOVERNMENT
FOR THE CONDUCT OF FOREIGN POLICY2025 M STREET, N.W.
WASHINGTON, D.C. 20506TENTATIVE PROGRAM

I. The Commission will look into the impact of change in foreign relations. In particular, it will explore, (1) the changing world environment and the manner in which international affairs are conducted, and (2) the changing role of the United States.

To this end the Staff will commission the preparation by experts of papers and reports to be presented and discussed with the Commission.

II. The Commission will study and investigate the organization, methods of operation and powers of the departments, agencies, independent establishments and instrumentalities of the United States Government participating in the formulation and implementation of United States foreign policy.

To this end, the several departments and agencies, as well as Congressional leaders, will be invited to appear before the Commission to set forth their views. In addition, government officials and other experts will be called upon to discuss the various aspects of relationships among the departments and agencies, and between the Legislative and Executive Branches. In particular, the Commission will seek from these officials a wide range of views relating to the organization for foreign policy and the problems attendant thereto seen from the perspective of the different institutions.

In anticipation of their appearances before the Commission, and to assist in the exploration of the subject, departments, agencies and experts will be asked to submit reports addressing important questions into which the Commission will want to delve.

A schedule of Commission hearings along the following lines is planned:

Department of State	Sept. 1973	2 days
USIA, AID, ACDA, Peace Corps	Oct. 1973	2 days
Departments of Treasury, Commerce, & Agriculture	Nov. 1973	2 days
Department of Defense	Dec. 1973	2 days
Office of the President (including NSC, CIEP, OMB)	Jan. 1974	2 days
Intelligence Community	Feb. 1974	2 days
Congress	Mar. 1974	2 days
Congressional/Executive Relations	Apr./May 1974	4 days

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The Commission will also plan to hold hearings with and receive reports from other departments and agencies concerned with foreign policy; including among others the Departments of Labor, Interior and Justice, AEC, NASA, etc.

During the early stages the Commission and staff will seek the views of representatives of business, agriculture, labor and other segments of the private sector.

Finally, the Commission, through hearings and informal meetings will look into the following special, complex problems:

- A. Science and Technology in Foreign Affairs
- B. The U.S. Government Relations with International Organizations
- C. Multinational Corporations

III. In order to make suitable recommendations, the Commission will look into the governmental processes and programs in the formulation and implementation of foreign policy.

To this end it will, under the direction of the staff, arrange for independent research by means principally of small study groups, but in some instances contracted research or other means. Such independent research will be addressed, among others, to the following problems:

A. Presidential Responsibility and Interagency Coordination:

How can the presidential powers in foreign affairs be properly delegated and agency responsibilities most effectively coordinated, especially with respect to better integration of policy planning and decision-making in diplomatic actions and activities?

B. Public Opinion and Public Accountability: How should public opinion make itself felt on and be dealt with by the Congress and the Executive? As a difficult but important aspect of this problem, how should the matter of confidentiality in foreign policy be handled?

C. Substantive Problem Areas: How can the Government be organized to deal effectively with some substantive problem areas which touch upon widely divergent governmental interests, such as:

- population and food resources
- energy crisis
- natural resources and the environment
- seabed and ocean floor

D. Domestic Interests and Foreign Affairs: How can the Government be organized to deal more effectively with the wide range of problems, including many of the foregoing, but especially economic matters -- trade, monetary, agriculture, resources -- which heavily involve important domestic interests and considerations as well as foreign policy?

E. Cultural Affairs and Public Information Abroad: How can the cultural affairs and information processes be organized to support more effectively the foreign policy of the United States?

F. National Security, Military Policy and Arms Limitation: How can the government organization and procedures be arranged most effectively to mesh national security and military affairs with general foreign policy matters? How can arms limitation policies be most effectively handled?

G. Intelligence and Information Handling: How can the organization be improved for collection of intelligence and information, for reporting, for evaluation and analysis and for dissemination?

H. Personnel for Foreign Affairs: How can the personnel systems in the foreign affairs effort be improved?

I. Budget Process and Resource Allocation: How can the budget process, including planning and programming, be improved?

J. Overseas Establishments: How can the control, coordination and communications systems in the overseas establishments be made more effective and efficient?

IV. The foregoing discussions with departments and agencies, and most of the work of the independent study groups will occupy the first year. In the second year the Commission will plan to review in greater depth the problems on which it believes recommendations will be made. It will also consider the advisability of holding public hearings.

V. In its report, the Commission will incorporate proposals for the implementation of its recommendations, and it will seek to obtain the views of departments and agencies, and of government leaders, before submitting its final report.